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COLOR TELEVISION RECEIVERS: QUARTERLY PROFITS AND CAPACITY AND CERTAIN ANNUAL EXPENDITURES OF U.S. PRODUCERS, QUARTERLY PRICES, ORDERS, AND INVENTORIES OF IMPORTERS, 1976, 1977, 1978, AND 1979

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Report to the President on
Investigation 332-95
Under Section 332 of
the Tariff Act of 1930

USITC PUBLICATION 1050
MARCH 1980

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United States International Trade Commission / Washington, D.C. 20436

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FOR RELEASE
March 31, 1980

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USITC 80-033

USITC REPORTS RESULT OF ANNUAL SURVEY OF U.S. PRODUCERS AND IMPORTERS OF COLOR TV RECEIVERS

The United States International Trade Commission has completed its third annual survey of U.S. producers and importers of color television receivers to obtain data on certain economic factors indicative of conditions in the U.S. industry. The survey, required by Presidential Proclamation No. 4511, covers the calendar year 1979.

The Commission has submitted detailed data in confidence to the United States Trade Representative, who is responsible for monitoring the orderly marketing agreement implemented by the Presidential proclamation. For U.S. producers, the data show profit and capacity by calendar quarters in 1979, and capital expenditures and R.& D. expenditures for calendar year 1979. For importers, the data show prices, orders, and inventories by calendar quarters in 1979. Data for 1979 which do not reveal operations of individual firms have been aggregated and consolidated with information previously reported in the Commission's first and second annual surveys (USITC Publications 877 and 962), which covered calendar years 1976, 1977, and 1978. Copies of the report (USITC Publication 1050) can be obtained by calling (202) 523-5178 or from the Office of the Secretary, 701 E Street NW., Washington, D.C. 20436, or from the Commission's New York Office, 6 World Trade Center, Suite 655, New York, N.Y. 10048, telephone (212) 466-5599.

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Highlights

U.S. domestic producers of color television receivers operated at an aggregate net operating profit of $37.0 million in 1979, representing a ratio of 1.2 percent of net operating profit to net sales. Reported one-shift capacity in color television receiver assembly plants was 11.3 million units. Capital expenditures by U.S. producers for building and leasehold improvements were $11.4 million for facilities in the United States. Expenditures by U.S. producers for new machinery, equipment, and fixtures were $43.4 million in the United States and $11.3 million outside the United States. U.S. producers spent $93.0 million in 1979 for research and development related to production or assembly of color television receivers.

Orders filled in 1979 by U.S. importers for imported color television receivers amounted to 952,000 units, valued at $287 million. U.S. importers' ending inventories for 1979 amounted to 148,000 units, whereas average inventory for the four calendar quarters was 169,000 units. The average unit value of imported 13-inch color television receivers in 1979, as reported by U.S. importers, was $223, $278 for 16- and 17-inch receivers, and $312 for 18- and 19-inch receivers.

Capsulized Trend Analysis

U.S. producers reported a net operating profit of $37.0 million in 1979, compared with $44.7 million in 1978, $81.0 million in 1977, and $96.3 million in 1976. This represented a ratio of 1.2 percent of net operating profit to net sales in 1979, compared with 1.5 percent in 1978, 2.8 percent in 1977, and 3.7 percent in 1976.

Annual capacity in 1979 rose by more than 8 percent over 1978 with the greatest increase taking place in the first and fourth quarters of 1979. The reported one-shift industry capacity of 11.3 million units was 25 percent above the industry production of 9.0 million units in 1979.

Expenditures in 1979 by U.S. producers for building and leasehold improvements in the United States decreased by 6 percent compared with expenditures in 1978, but were still substantially above such expenditures in 1976 and 1977. Purchases of new machinery, equipment, and fixtures for U.S. plants were slightly greater in 1979 than in 1978 and were considerably higher than in 1976 and 1977.

In the 13-inch and the 16- and 17-inch screen-size categories, U.S. importers reported lower average unit prices for receivers in each quarter of 1979, as compared with the corresponding quarter of 1978. These decreases ranged from $14 to $53 for the 13-inch category and from $2 to $39 in the 16- and 17-inch categories. However, reported prices for the 18- and 19-inch screen-size categories increased by approximately $7 in the first and fourth quarters of 1979, but decreased by $17 and $7 in the second and third quarters, respectively, as compared with 1978.

Importers' inventories were lower at the end of every quarter in 1979 compared with 1978. The most significant decline in 1979 occurred at the end of the fourth quarter. Importers' orders filled likewise experienced a significant decrease of 44 percent in quantity in 1979 compared with 1978.

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Table 1.--Profit-and-loss experience of domestic producers of color television receivers on their color television receiver operations, by quarters, 1976-79

Period	Net sales	Cost of goods sold	Gross profit	General, selling, and administrative expenses	Net operating profit (or loss)	Other expenses net	Net profit or (loss) before taxes	Ratio of net operating profit or (loss) to net sales
	1,000 dollars							Percent
Quarter ended--								
Mar. 31, 1976	573,057	486,498	86,559	78,530	8,029	10,051	(2,022)	1.4
June 30,1976	615,471	508,380	107,091	80,193	26,898	27,125	(227)	4.4
Sept. 30, 1976	706,524	586,177	120,347	93,205	27,142	10,170	16,972	3.8
Dec. 31, 1976	730,376	594,241	136,135	101,953	34,182	12,068	22,114	4.7
Total, 1976	2,625,428	2,175,296	450,132	353,881	96,251	59,414	36,837	3.7
Mar. 31, 1977	639,778	538,082	101,696	90,254	11,442	8,613	2,829	1.8
June 30, 1977	674,009	560,789	113,220	87,495	25,725	8,125	17,600	3.8
Sept. 30, 1977	766,505	644,115	122,390	101,204	21,186	***	***	2.8
Dec. 31, 1977	827,895	684,154	143,741	121,115	22,626	4 942	17,684	2.7
Total, 1977	2,908,187	2,427,140	481,047	400,068	80,979	***	***	2.8
Mar. 31, 1978	689.958	604,425	85,533	93,817	(8,284)	6,140	(14,424)	(1.2)
June 30, 1978	721,500	609,340	112,160	90,877	21,284	10,580	10,704	3.0
Sept. 30, 1978	774,178	660,784	113,394	96,686	16,707	16 497	211	2.2
Dec. 31, 1978	832,761	703,164	129,597	114,632	14,965	13,087	1,878	1.8
Total, 1978	3,018,397	2,577,713	440,684	396,012	44,672	46,304	(1,631)	1.5
Mar. 31, 1979	705,482	608,888	96,594	87,593	9 001	14,540	(5,539)	1.3
June 30, 1979	728,675	638,652	90,023	84,992	5,031	12,422	(7,391)	0.7
Sept. 30, 1979	826,129	719,410	106,719	91,080	15,639	18,028	(2,389)	1.9
Dec. 31, 1979	936,238	812,914	123,323	115,955	7,368	16,715	(9,347)	0.8
Total 1979	3,196,524	2,779,864	416,659	379,620	37,039	61,705	(24,666)	1.2

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Asterisks indicate deletion of data which would disclose confidential operations of individual concerns.

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Table 2.--U.S. color television receiver production: Capacity 1/of U.S. color television receiver assembly plants, by quarters and total, 1976-79

(In thousands of units)

Year	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Total
Total capacity:					
1976 2/	2,465	2,484	2,340	2,992	10,281
1977 2/	2,485	2,576	2,582	2,652	10,295
1978 2/ 3/	2,603	2,719	2.466	2,618	10,406
1979	2,898	2,812	2,594	2,955	11,259

1/ Capacity based on operations of assembly plants 1 shift a day, 5 days a week, assuming no change in product mix.

2/ Revised Jan. 8, 1980, and announced by the Secretary, U.S. International Trade Commission.

3/ Revised March 1980.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 3.--Capital expenditures 1/and research and development cost for facilities and services related to the production or assembly of color television receivers and/or parts thereof, by types of expenditures, 1976-79

(In thousands of dollars)

Type of expenditure	1976	1977	1978	1979
Facilities in the United States				
Land, land improvements	1,110	***	***	***
Building, leasehold improvements	9,235	3,889	12,133	11,409
Machinery, equipment, and fixtures:				
New 2/	29,713	31,865	42,482	43,353
Used	1	***	***	***
Other	1,043	1,099	***	***
Facilities outside the United States:				
Land, land improvements	***	***	0	***
Building, leasehold improvements	2,596	1,746	1,876	***
Machinery, equipment, and fixtures:				
New 2/	4,712	7,001	8 733	11,318
Used	***	658	0	0
Other	0	0	0	0
Research and development	86,288	90,680	112,247	92,959

1/ Data do not include expenditures for administrative facilities, warehousing, or any other nonmanufacturing or nonassembly facilities.

2/ Includes only new machinery not previously employed.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Asterisks indicate deletion of data which would disclose confidential operations of individual concerns.

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Table 4.--Imported complete color television receivers: Orders filled, by screen size categories and by quarters, 1976-79

Period	Screen size category		
	17 inches and under	18 inches and over	Total
	Quantity (units)		
1976:			
January-March	158,444	186,556	345,000
April-June	193,648	198,814	392,462
July-September	249,731	340,466	590,197
October-December	289,232	457,206	746,438
Total	891,055	1,183,042	2,074,097
1977:			
January-March	232,525	324,523	557,048
April-June	232,487	254,983	487,470
July-September	274,627	342,239	616,866
October-December	278,655	325,936	604,591
Total	1,016,294	1,247,681	2,265,975
1978:			
January-March	194,063	205,517	399,580
April-June	217,746	156,044	373,790
July-September	279,361	252,655	532,016
October-December	247,975	217,608	465,583
Total	939,145	831,824	1,770,969
1979:			
January-March	190,738	111,578	302,316
April-June	146,251	70,005	216,256
July-September	140,808	119,774	260,582
October-December	110,931	61,989	172,920
Total	588,728	363,346	952,074
	Value (1,000 dollars)		
1976:			
January-March	42,725	60,811	103,536
April-June	52,569	62,910	115,479
July-September	65,191	110,020	175,211
October-December	77,436	150,581	228,017
Total	237,921	384,322	622,243
1977			
January-March	61,630	105,771	167,401
April-June	61,195	83,749	144,944
July-September	73,761	116,160	189,921
October-December	77,209	116,091	193,300
Total	273,795	421,771	695,566
1978			
January-March	50,840	64,531	115,371
April-June	59,563	50,656	110,219
July-September	75,210	78,809	154,019
October-December	68,821	75,347	144,168
Total	254,434	269,343	523,777
1979			
January-March	47,610	37,500	85,110
April-June	42,059	23,204	65,263
July-September	41,197	38,709	79,906
October-December	31,984	24,788	56,772
Total	162,850	124,201	287,051

Source: Compiled from data submitted in response to questionnaires or the U.S. International Trade Commission.

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Table 5.--Imported complete color television receivers: U.S. importers' inventories, by screen size categories, on specified dates, Dec.31, 1975-Dec 31, 1979

(In units)

Date	Screen size category		
	17 inches and under	18 inches and over	Total
Dec. 31, 1975	110,612	60,808	171,420
Mar. 31, 1976	82,960	82,287	165,247
June 30, 1976	184,287	198,885	383,172
Sept. 30, 1976	219,845	309,390	529,235
Dec. 31, 1976	254,706	299,663	554,369
Mar. 31, 1977	257,988	268,876	526,864
June 30, 1977	280,484	299,145	579,629
Sept. 30, 1977	214,868	263,756	478,624
Dec. 31, 1977	143,747	143,784	287,531
Mar. 31, 1978	143,478	116,143	259,621
June 30, 1978	186,673	131,200	317,873
Sept. 30, 1978	192,683	134,858	327,541
Dec. 31, 1978	151,625	89,871	241,496
Mar, 31, 1979	113,802	51,047	164,849
June 30, 1979	133,880	47,192	181,072
Sept. 30, 1979	126,998	55,979	182,977
Dec. 31, 1979	117,971	30,280	148,251

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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Table 6.--Imported color television receivers: Average unit values, by screen size categories and by quarters, 1976-79

Period	Screen size category		
	13 inches	16 inches and 17 inches	18 inches and 19 inches
1976:			
January-March	***	***	$325.97
April-June	***	***	316.43
July-September	$240.06	***	323.15
October-December	252.77	$312.65	329.35
1977:			
January-March	249.47	309.16	325.93
April-June	237.86	291.64	328.45
July-September	254.85	327.36	339.40
October-December	269.38	329.96	353.79
1978:			
January-March	241.21	298.67	305.01
April-June	235.65	320.15	314.28
July-September	242.52	284.65	303.31
October-December	278.81	264.61	334.97
1979:			
January-March	218.56	259.22	312.38
April-June	221.86	311.89	297.65
July-September	227.50	278.45	296.15
October-December	225.77	262.91	342.50

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Asterisks indicate deletion of data which would disclose confidential operations of individual concerns.

Library Cataloging Data

United States. International Trade Commission.
Color television receivers : quarterly profits and capacity and certain annual expenditures of U.S. producers, quarterly prices, orders, and inventories of importers, 1976, 1977, 1978, and 1979 : report to the President on investigation 332-95 under section 332 of the Tariff act of 1930 / USITC. — Washington : USITC, 1980.

[9] p. : ill. ; 28 cm. — (USITC publication 1050)

"Prepared principally by Ross H. Reynolds."

1. Television industry. 2. Color television. 3. Television--U.S. I. Reynolds, Ross H. II. Title.